

Message Text

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ACTION NEA-07

INFO OCT-01 ISO-00 EB-03 SS-14 L-01 INR-05 SP-02 /033 W

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R 170800Z JUL 75Q

FM AMEMBASSY RABAT

TO SECSTATE WASHDC 5999

INFO AMEMBASSY ALGIERS

AMEMBASSY AMMAN

AMEMBASSY BONN

AMEMBASSY CAIRO

AMEMBASSY MADRID

AMEMBASSY NOUAKCHOTT

AMEMBASSY PARIS

AMEMBASSY TEL AVIV

AMEMBASSY TUNIS

C O N F I D E N T I A L RABAT 3465

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LIMDIS

FOR NEA/AFN WILEY; EB/CBA BILLER

E.O. 11652: GDS

TAGS: ETRD OECD MO

SUBJECT: JUSTICE DEPARTMENT ANTI-TRUST ACTION: OUTCOME OF VISIT BY
DAVID COLDSWEIG

REF: A. STATE 164962

B. BONN 11132

1. SUMMARY: GOLDSWEIG LEFT FOR BONN JULY 16 AFTER SIX DAYS
OF ROUND-THE-CLOCK CONTACT WITH SENIOR OCP (MOROCCAN STATE
PHOSPHATE MONOPOLY) OFFICIALS. IN EXTENDED DEBRIEFING WITH
AMBASSADOR AND ECOUN, GOLDSWEIG CHARACTERIZED MEETINGS AND
INFORMATION RECEIVED AS HIGHLY USEFUL AND BEYOND EXPECTATIONS.
BELIEVE OCP'S COOPERATIVE ATTITUDE HAS IMPLICATIONS FOR
FORTHCOMING RAW MATERIALS CONFERENCE (SEE PARA 5 BELOW).

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END SUMMARY

2. GOLDSWEIG VISIT SUCCESSFUL. GOLDSWEIG SPENT TWO HOURS WITH OCP DIRECTOR LAMRANI ON FRIDAY, JULY 11 AND ANOTHER THREE HOURS PLUS TWO HOUR LUNCHEON ON TUESDAY, THE 15TH. LAMRANI ACCOMPANIED BY PRODUCTION DIRECTOR GUESSOUS AND SALES DIRECTOR COHEN. LAMRANI GAVE DETAILED HISTORY OF EVOLUTION OCP ORGANIZATION, POLICY, AND RELATIONSHIP TO OTHER PHOSPHATE PRODUCERS--INCLUDING CREATION, OBJECTIVES, AND OPERATING PROCEDURES OF WORLD PHOSPHATE INSTITUTE OF WHICH HE IS PRESIDENT. ALSO EXPLAINED OPERATIONS OF "NORTH AFRICAN" PHOSPHATE CARTEL AND COOPERATIVE ROLE PLAYED BY NON-MEMBERS ISRAEL AND SPAIN. COHEN GAVE HOUR-LONG PRESENTATION--OFTEN INTERRUPTED BY QUESTIONS--ON OCP PRICING AND SALES STRATEGY, BUTTRESSED BY DETAILED FIGURES AND CASE HISTORIES. THEN SPENT ANOTHER TWO HOURS ALONE WITH GOLDSWEIG ON SPECIFICS, INCLUDING PRESENTATION RESUME OF DATA IN TABULAR FORM. IN BETWEEN TWO MEETINGS WITH LAMRANI, GUESSOUS ACCOMPANIED GOLDSWEIG AND WIFE ON THREE DAY VISIT TO MINES AND PROCESSING PLANTS, PROVIDING OCCASION FOR EXTENSIVE ON-THE-SPOT QUESTIONING.

3. ECOUN ACCOMPANIED THROUGHOUT EXCEPT FOR MINE VISITS. BOTH GOLDSWEIG AND ECOUN IMPRESSED BY OPEN AND FORTHRIGHT APPROACH TAKEN BY LAMRANI AND WILLINGNESS ALL OCP OFFICIALS TO ANSWER EVERY QUESTION AND PROVIDE ALL DATA REQUESTED. GOLDSWEIG, FOR EXAMPLE, INVITED TO VISIT PARIS OFFICE PHOSPHATE INSTITUTE (WHICH HE WILL DO ON JULY 22) TO PICK UP PHOTOCOPIES OF ALL INSTITUTE REPORTS, STUDIES, QUESTIONNAIRES, AND CORRESPONDENCE WITH MEMBERS.

4. GOLDSWEIG NOT NECESSARILY CONVINCED HE HAS BEEN TOLD EVERYTHING, AND INFORMED AMBASSADOR HE HAD NOT YET REACHED FINAL DECISIONS ON ANTI-TRUST IMPLICATIONS OF FINDINGS. SAID, HOWEVER, THAT HE WAS THOROUGHLY IMPRESSED BY OCP COOPERATION AND BRILLIANCE OF MARKETING STRATEGY, WHICH, AS EXPLAINED BY COHEN AND ILLUSTRATED BY FACTS AND FIGURES, COULD GO LONG WAY TOWARDS EXPLAINING SUCCESS OF OCP SALES PERFORMANCE, EXCLUSIVE OF COLLUSION THEORY.

5. BROADER POLICY IMPLICATIONS OF VISIT. EARLY IN VISIT LAMRANI INFORMED GOLDSWEIG THAT U.S. ANTI-TRUST INVESTIGATION CONFIDENTIAL

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WAS CAUSING SERIOUS RIPPLES IN WORLD PHOSPHATES MARKETS AT MOST INOPPORTUNE TIME. (GOM DEPENDS ON PHOSPHATE EARNINGS FOR 55 PER CENT OF FOREIGN EXCHANGE REVENUES AND CURRENT PRICE SOFTENING IS OF HIGH CONCERN BECAUSE STATE BUDGET EXPENDITURES CONSTITUTE MAIN UNDERPINNING OF DOMESTIC ECONOMIC PERFORMANCE. INVESTIGATION THUS OF MAJOR POLITICAL SIGNIFICANCE BOTH BECAUSE OF PERSONALITIES INVOLVED AND POTENTIAL IMPACT ON ECONOMY.) LAMRANI SAID THAT IF GOLDSWEIG

VISIT HAD NOT BEEN SCHEDULED, HE HAD HAD INTENTION TO APPROACH US AUTHORITIES HIMSELF FOR EARLY MEETING. ASSERTED THAT EARLY TERMINATION OF INVESTIGATION CLEARLY IN INTEREST BOTH USG AND OCP. FYI: GOLDSWEIG AND EMBASSY ACCEPT THIS AT FACE VALUE AND BELIEVE IT HELPS EXPLAIN LAMRANI'S EXTRAORDINARILY COOPERATIVE ATTITUDE. ALSO BELIEVE, HOWEVER, THAT HE MAY HAVE BEEN LAYING GROUNDWORK FOR EARLY GOM APPROACH TO USG FOR RECIPROCALLY COOPERATIVE ATTITUDE IN INCLUDING PHOSPHATES IN FORTHCOMING RAW-MATERIALS DISCUSSIONS. HE ALLUDED MORE THAN ONCE TO NEED FOR FLOOR-PRICE TO AVOID PAST PRICE VOLATILITY-- A THEME WHICH HAS BEEN PLAYED BY SEVERAL ECONOMIC OFFICIALS IN RECENT WEEKS. SEE RABAT 2875. END FYI.

6. SAHARAN ASPECTS. LAMRANI ASSERTED THAT SPAIN, THOUGH NOT A CARTEL MEMBER, CLOSELY FOLLOWS OCP LEAD IN PRICING STRATEGY. DURING TUESDAY LUNCHEON, CONFIRMED TO ECOUN THAT GOM HAD MADE FORMAL OFFER TO GOS REGARDING CONTINUED PARTICIPATION IN BU CRAA AS PART OF OVERALL SAHARAN SETTLEMENT. SAID THAT OCP WOULD HAVE "ABSOLUTELY NO PROBLEMS" IN WORKING WITH SPANISH ON ANY BASIS ARRANGED BY POLITICAL LEADERSHIP. ADDED THAT SPAIN HAD BEEN OVEREXTENDED TRYING TO BUILD AND OPERATE FACILITIES WITHOUT INTERNATIONAL PARTICIPATION. ONCE SAHARAN ISSUE SETTLED, MOROCCO WOULD NOT HESITATE TO CONSIDER VARIOUS TYPES OF JOINT-VENTURE ACTIVITIES FOR EXPANDING AND PROCESSING BU CRAA OUTPUT.

7. SOVIET RELATIONS WITH OCP. FEW OPPORTUNITIES AROSE FOR TURNING CONVERSATION THIS DIRECTION AND ALL WERE SIDE-TRACKED. LAMRANI DID HOWEVER CONFIRM THAT MAJOR PROBLEM IN REACHING AGREEMENT WITH USSR ON EXPLOITATION OF MESCALA DEPOSITS WAS SOVIET RELUCTANCE TO MAKE AVAILABLE RELIABLE PRODUCTION AND MARKETING STATISTICS AND REFUSAL TO SIGN STANDARD "NO RESALE" AGREEMENT.

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